

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 COME-00 EB-07 LAB-04 SIL-01

OPR-02 SY-05 USSS-00 SCA-01 OC-05 CCO-00 /075 W

----- 086228

O 271455Z JUN 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 1658

C O N F I D E N T I A L BUENOS AIRES 4333

E.O. 11652: GDS

TAGS: PINT, ASEC, ELAB, AR

SUBJ: LABOR CHALLENGES ECONOMY MINISTER

REF: BA 4196

1. HOPES THAT TENSIONS WOULD SUBSIDE FOLLOWING AGREEMENT ON NEW WAGE INCREASES IN MAJOR UNIONS (SEE REF) HAVE NOT BEEN REALIZED. STRIKES AND LABOR AGITATION HAVE CONTINUED AS UNIONS WHICH HAD NOT YET SIGNED ATTEMPTED TO PRESSURE FOR MAXIMUM INCREASES AND AS SOME WHICH HAD SIGNED EXPRESSED UNHAPPINESS OVER NOT GETTING AS MUCH AS OTHER UNIONS WHICH HAD SIGNED AT LAST MOMENT (NOTABLY THE UOM, WHICH ALL TOLD GOT BETWEEN 120 AND 130 PERCENT INCREASE).

2. SITUATION TOOK NEW TURN YESTERDAY WHEN IN NOON CABINET MEETING ECON MIN CELESTINO RODRIGO COMPLAINED THAT EXORBITANT INCREASES WERE WRECKING HIS ECONOMIC PROGRAM, SUCCESS OF WHICH HAD DEPENDED UPON HOLDING INCREASES TO REASONABLE PERCENTAGE. HE URGED THAT RECENT PARTIARIAS BE ANNULLED AND THAT EXECUTIVE POWER SIMPLY DECREE AN ACROSS THE BOARD 50 PC INCREASE NOW, WITH ADDITIONAL INCREMENTS OF 15 PC TO FOLLOW IN OCTOBER AND JANUARY. ACCORDING TO PRESS, RODRIGO THREATENED TO RESIGN UNLESS THIS ACCEPTED. REPORTEDLY, RODRIGO AND LABOR

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MIN OTERO HAD HEATED EXCHANGE DURING MEETING AND SOME REPORTS

INDICATE OTERO COUNTERED RODRIGOS THREAT WITH ONE OF HIS OWN  
IN WHICH HE SAID HE WOULD RESIGN IF PARITARIAS WERE ANNULLED.

3. WHEN NEWS OF RODRIGOS DEMANDS FILTERED OUT TO LABOR LEADERS,  
THEIR REACTION WAS PREDICTABLE. AFTER CONSULTING WITH CASILDO  
HERRERAS AND LORENZO MIGUEL BY  
PHONE (THEY ARE IN GENEVA), CGT AND 62 ORGANIZATIONS CALLED  
FOR GENERAL STRIKE BETWEEN 9 AM AND 4 PM TODAY AND FOR MASS  
RALLY AT PLAZA DE MAYO. OSTENSIBLE PURPOSE IS TO SHOW SUPPORT  
FOR MRS PERON AND WAGE SETTLEMENTS SHE HAS BROUGHT ABOUT.  
REAL PURPOSE HOWEVER IS OBVIOUSLY TO SHOW LABORS STRENGTH  
AND TO PUT MRS PERON ON NOTICE THAT SHE HAD BETTER NOT  
BACK AWAY FROM INCREASES ALREADY GRANTED. CASILDO HERRERAS, FOR  
EXAMPLE, QUOTED AS SAYING FROM GENEVA, "LET NO ONE TRY  
BETWEEN MIDNIGHT AND THE COCKS CROW TO MAKE MRS PERON ADOPT  
A MISTAKEN LINE; LET NO ONE LEAD HER TO AN ERROR, BECAUSE THE  
WORKERS BACK HER UNCONDITIONALLY AND WILL KNOW HOW TO EXPRESS  
CLEARLY WHAT IS THE TRUTH".

4. MRS PERON COUNTERED EARLY THIS MORNING WITH COMMUNIQUE CALLING  
ON WORKERS TO STAY ON THE JOB. EVEN MORE COMPELLING EVIDENCE  
THAT GOVERNMENT DOES NOT SEE THIS AS "FRIENDLY" STRIKE WERE  
LINES OF ARMORED CARS AND MOUNTED RIOT POLICE CONVERGING ON  
PLAZA DE MAYO THIS MORNING. RADIO COLINIA IS JAMMED.

5. ALL THE ELEMENTS OF A FULL SCALE CONFRONTATION BETWEEN LABOR  
AND GOA ARE PRESENT. EXCELLENT SOURCES HAD INDICATED LAST  
WEEK THAT MILITARY AND UCR HAD BEEN IN CONTACT WITH HERRERAS  
AND MIGUEL AND HAD INDICATED THEY WOULD SUPPORT A MOVE ON  
LABORS PART AGAINST LOPEZ REGA. WITH SIGNING OF PARITARIAS,  
MOTIVE FOR SUCH A MOVE SEEMED TO HAVE BEEN REMOVED. RODRIGO  
HAS NOW GIVEN THEM A NEW ONE. WHETHER OR NOT MILITARY WOULD  
SUPPORT THIS KIND OF MOVE, WHICH IS ESSENTIALLY LABOR RATHER  
THAN POLITICALLY ORIENTED, REMAINS TO BE SEEN.

6. GOA HELPED SOMEWHAT BY HEAVY RAINFALL THIS MORNING WHICH  
MAY HAVE DISCOURAGED SOME FROM MARCHING TOWARDS PLAZA. RAIN HAS  
NOW SLACKENED HOWEVER AND CROWD IS BEGINNING TO GATHER.  
EVEN IF RAIN CAUSES RALLY TO FIZZLE, BASIC ELEMENTS OF CONFLICT  
WILL REMAIN. SOME EVENTUAL COMPROMISE MAY BE FOUND BUT AT THE  
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MOMENT MRS PERON SEEMS TO BE PRESENTED CHOICE OF BACKING  
HER ECONOMIC OR ACCEPT FULL SCALE CHALLENGE FROM LABOR, WITH  
POSSIBILITY OF WIDESPREAD VIOLENCE. IF SHE DOES NOT BACK HIM,  
NEW ECONOMIC PROGRAM MAY SUFFER MAJOR SETBACK.  
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## Message Attributes

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